

EXHIBIT 5
DATE 02/08/07
HB HJ 23

HOUSE COMMITTEE ON AGRICULTURE

House Joint Resolution 23

**Testimony of Nancy K. Peterson
Director, Montana Department of Agriculture**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

For the record, my name is Nancy K. Peterson, director of the Montana Department of Agriculture. I am submitting written testimony in favor of House Joint Resolution 23, with what I hope can be a simple, friendly amendment.

The farm bill enacted by Congress in 2002 relies on a formula of countercyclical price supports to provide a safety net to farmers. As currently worded, HJ 23 on Page 2, Line 19, urges Congress to base countercyclical payments on the cost of production, rather than market price. Costs have certainly reached the crisis point for Montana farmers. Fuel prices in January were nearly triple those of five years ago. Aggregate fertilizer prices were up 69 percent over five years. Livestock feed costs rose 26 percent during the past year and 43 percent over the past five years.

Production costs and commodity prices are both key to making a profit on the farm or ranch. Therefore, I would suggest changing the first point under "Be It Resolved" to say: (1) provide an adequate safety net for producers that is based on both the cost of production and on market prices, rather than solely on cost of production. And, also removing the word countercyclical as the World Trade Organization (WTO) lends to non-acceptance of this practice as market distorting.

With those suggestions, I urge your support of House Joint Resolution 23 and I appreciate your consideration.